

AMENDED IN ASSEMBLY JUNE 30, 1997

SENATE BILL

No. 1101

**Introduced by ~~Committee on Revenue and Taxation~~
(~~Senators Alpert (Chair), Greene, Karnette, Knight, Kopp,~~
~~and McPherson~~) *Senator Alpert***

February 28, 1997

~~An act to amend Section 15619 of the Government Code, and to amend Sections 7102, 8651.7, 30179, 30366, 30455, 32405, 40116, 43455, 45655, 46506, 50142.1, 55225, and 60524 of the Revenue and Taxation Code, relating to taxation. An act to amend Section 6366 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 1101, as amended, ~~Committee on Revenue and Taxation~~ ~~Alpert. Taxation~~ Sales and use taxes: exemptions: ground control station.

The Sales and Use Tax Law imposes a tax on the gross receipts from the sale in this state of, or the storage, use, or other consumption in this state of, tangible personal property and provides various exemptions from the taxes imposed by that law. That law provides an exemption for aircraft used as a common carrier, as specified, or sold to any person who is not a resident of this state and who will not use the aircraft in this state.

This bill would also provide an exemption for a "ground control station," as defined, sold to any foreign government or nonresident for use outside the state.

Counties and cities are authorized to impose local sales and use taxes in conformity with state sales and use taxes. Exemptions from state sales and use taxes enacted by the Legislature are incorporated into the local taxes.

Section 2230 of the Revenue and Taxation Code provides that the state will reimburse counties and cities for revenue losses caused by the enactment of sales and use tax exemptions.

This bill would provide that no appropriation is made and the state shall not reimburse local agencies for sales and use tax revenues lost by them pursuant to this bill.

This bill would take effect immediately as a tax levy, but its operative date would depend on its effective date.

~~(1) Existing law governing the State Board of Equalization generally prohibits members, ex members, and agents of the board and persons obtaining information from any of the foregoing from divulging certain information concerning the business affairs of the companies reporting to the board. The Cigarette and Tobacco Products Tax Law includes a similar prohibition.~~

~~This bill would allow the board, under these provisions, to give information to successors, receivers, trustees, executors, administrators, assignees, and guarantors, if directly interested, as to the items included in the measure and amounts of any unpaid tax or amounts of tax required to be collected, interest, and penalties.~~

~~(2) Existing law requires that an amount equal to all revenues, less refunds, derived from sales and use tax revenue collected on gasoline, diesel, and alternative fuels, be transferred from the Retail Sales Tax Fund to the Transportation Planning and Development Account. The Clean Air and Transportation Improvement Act of 1990, an initiative measure that added this provision, requires that amendments to the act must be consistent with and further the act's purposes and, if those requirements are met, also requires a $\frac{2}{3}$ vote of both houses of the Legislature for passage.~~

~~This bill would provide that sales and use tax revenues on diesel fuel covered by the Diesel Fuel Tax Law are subject to transfer to the Transportation Planning and Development~~

~~Account. This bill would declare that it is consistent with and furthers the purposes of the act, and would require a $\frac{2}{3}$ vote for passage.~~

~~(3) The Use Fuel Tax Law requires that the flat rate fuel tax be an annual tax.~~

~~This bill would provide that, when an owner or operator elects to pay the annual flat rate fuel tax on more than one vehicle, the owner or operator may request that the State Board of Equalization prorate the tax due on a vehicle added during the annual period, so that all vehicles have the same annual period.~~

~~(4) Under the Cigarette and Tobacco Products Tax Law, the Alcoholic Beverage Tax Law, the Energy Resources Surcharge Law, the Hazardous Substances Tax Law, the Integrated Waste Management Fee Law, the Oil Spill, Response, Prevention, and Administration Fees Law, the Underground Storage Tank Maintenance Fee Law, the Fee Collection Procedures Law, and the Diesel Fuel Tax Law, the State Board of Equalization administers various provisions respecting the payment of interest on refunds.~~

~~This bill would make changes in those provisions concerning the dates and time periods that affect the calculation of interest due on refunds.~~

~~Vote: $\frac{2}{3}$ majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: ~~no~~ yes.~~

The people of the State of California do enact as follows:

1 ~~SECTION 1. Section 15619 of the Government Code~~

2 ~~SECTION 1. Section 6366 of the Revenue and~~
3 ~~Taxation Code is amended to read:~~

4 6366. (a) There are exempted from the taxes
5 imposed by this part the gross receipts from the sale in this
6 state of, and the storage, use, or other consumption in this
7 state of, the following:

8 (1) Aircraft sold to any person using the aircraft as a
9 common carrier of persons or property under authority
10 of the laws of this state, of the United States, or of any
11 foreign government, or sold to any foreign government
12 for use by that government outside of this state, or sold to

1 any person who is not a resident of this state and who will
2 not use that aircraft in this state otherwise than in the
3 removal of the aircraft from this state.

4 (2) (A) *A ground control station sold to any foreign*
5 *government for use by that government outside of this*
6 *state or sold to any person who is not a resident of this*
7 *state and who will not use that ground control station in*
8 *this state otherwise than in the removal of the ground*
9 *control station from this state.*

10 (B) *A “ground control station” means a portable*
11 *facility used to operate aircraft in the air without a pilot*
12 *on-board. The term includes controls, video equipment,*
13 *computers, generators, and communications equipment,*
14 *sold as an integral part of the station, and antennas used*
15 *to control the aircraft. The term does not include trucks*
16 *or tractor-trailers used to transport the station.*

17 (3) Tangible personal property that is purchased on or
18 after October 1, 1996, and becomes a component part of
19 any aircraft described in paragraph (1), as a result of the
20 maintenance, repair, overhaul, or improvement of that
21 aircraft in compliance with Federal Aviation
22 Administration requirements, and any charges made for
23 labor and services rendered with respect to that
24 maintenance, repair, overhaul, or improvement.

25 (b) With respect to aircraft sold on or after January 1,
26 1997, it shall be presumed that a person is not engaged in
27 business as a common carrier if the person’s yearly gross
28 receipts from the use of the aircraft as a common carrier
29 do not exceed 20 percent of the purchase cost of the
30 aircraft to him or her, or fifty thousand dollars (\$50,000),
31 whichever is less. This presumption may be rebutted by
32 contrary evidence satisfactory to the board showing that
33 the person is engaged in business as a common carrier.

34 In no event shall “gross receipts” include compensation
35 by the person or related parties for use of the aircraft as
36 a common carrier.

37 (c) With respect to aircraft leased, or sold for the
38 purpose of leasing, on or after January 1, 1997, it shall be
39 presumed that the aircraft is not regularly used in the
40 business of transporting for hire property or persons if the

1 lessor's yearly gross receipts from the lease of that aircraft
2 to persons using the aircraft as common carriers of
3 property or persons do not exceed 20 percent of the cost
4 of the aircraft to the lessor, or fifty thousand dollars
5 (\$50,000), whichever is less. This presumption may be
6 rebutted by contrary evidence satisfactory to the board
7 showing that the aircraft is regularly used as a common
8 carrier of property or persons.

9 In no event shall "gross receipts" include compensation
10 by the lessor or related parties for use of the aircraft as a
11 common carrier.

12 *SEC. 2. It is the intent of the Legislature that the State*
13 *Board of Equalization administer the exemption for the*
14 *sale and use of ground control stations provided by*
15 *Section 1 of this act consistent with existing regulations*
16 *administering the exemption for the sale and use of*
17 *aircraft sold to a foreign government for use by that*
18 *government outside of this state or sold to a person who*
19 *is not a resident of this state and who will not use that*
20 *aircraft in this state otherwise than in the removal of the*
21 *aircraft from this state.*

22 *SEC. 3. Notwithstanding Section 2230 of the Revenue*
23 *and Taxation Code, no appropriation is made by this act*
24 *and the state shall not reimburse any local agency for any*
25 *sales and use tax revenues lost by it under this act.*

26 *SEC. 4. This act provides for a tax levy within the*
27 *meaning of Article IV of the Constitution and shall go into*
28 *immediate effect. However, the provisions of this act shall*
29 *become operative on the first day of the first calendar*
30 *quarter commencing more than 90 days after the*
31 *effective date of this act.*

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**All matter omitted in this version of the
bill appears in the bill as introduced in the
Senate, February 28, 1997 (JR 11)**